



Legislative Department Seattle City Council Memorandum

Date: April 29, 2010

To: Energy, Technology & Civil Rights Committee

From: Tony Kilduff, 4-3580

Subject: New communication protocols for City Light

Introduction

The Council retained Energy and Environmental Economics Inc., (E3), a consultancy, to review the communication process between City Light and the Council as it relates to proposed major capital projects, and to recommend improvements to that process.

Background

In 2005, City Light published a report identifying a new transformer at the Broad Substation as the best way to provide the additional distribution capacity needed to serve growing loads in the North Downtown–South Lake Union area (NODO). However, its 2006-2011 Capital Improvement Program proposed a new substation instead.

The unexpected deviation from the published plan raised sufficient questions that the Council imposed a proviso on the substation project pending a satisfactory justification from City Light. The utility's subsequent failure to present a compelling rationale for the change led the Council to question the utility's distribution planning as it related to NODO, and retained the services of E3 to review City Light's planning and suggest improvements where appropriate.

One of E3's recommendations was that the Council consider establishing guidelines and protocols that the department should use to transmit proposals for large distribution projects. E3 noted that other regulatory bodies, notably many state utility commissions, have such guidelines and protocols that must be followed before major projects will be considered. The absence of a clear understanding of the information that would be needed to support the request appeared to be partly to blame for the utility's failure to provide a sufficiently sound rationale for the substation.

Given its familiarity with both City Light and City processes, and with the approaches taken by other regulatory bodies, the Council selected E3 to develop a set of recommendations for communication guidelines and protocols to be used in the future. E3 completed its work at the end of 2009. Each Council member received a copy of the final report. I summarize the key findings and recommendations below.

E3 Recommendations

E3 developed draft recommendations based on its research into best practices and reviewed those with City Light to determine how they might be adapted to City Light's current capabilities and the

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600 Fourth Avenue, Floor 2, PO Box 34025, Seattle, Washington 98124-4025
Office: (206) 684-8888 Fax: (206) 684-8587 TTY: (206) 233-0025

City's processes. The recommendations in the final report reflect that collaboration. They fall into two broad categories:

Timing and Nature of Materials Submitted to the City Council

Integrated T&D Planning Document: City Light should unify mid- to long-term transmission and distribution planning into a single document to be submitted to the City Council every five years. This will provide a context for expenditure requests that appear in the six-year capital improvements program (CIP).

Advance Communication for Significant New Expenditures: For significant new expenditures, City Light should provide an advance look to the Council instead of waiting to place the request in the CIP. The advance look should cover specific categories of information, including the evaluation of at least three alternatives according to specified metrics such as cost and risk. The E3 report includes templates for some of the categories of information that should accompany any proposal.

Capital Improvement Plan: City Light should provide additional summary detail in the CIP relating the expenditures back to the integrated T&D planning document. This will allow the Council to see how budgeted expenditures support the goals of the plan.

Process Recommendations

Load Forecasting: Determining the need (i.e., load) for capacity additions is the first step in planning capacity expansions. City Light should unify its definition of study areas across various documents and planning efforts to the maximum extent possible. Failure to do this in the case of the NODO substation analysis led to results that differed from study to study and undermined the integrity of the analysis. Further, City Light should reconciliation the load forecasts for its subareas with system-wide load forecast, not just for one forecast scenario, but for multiple forecast scenarios.

Distribution Planning Software: City Light should maintain current licenses for, and use a distribution planning software package such as SynerGEE, in order to promote consistency across analyses and allow for multiple planning scenarios.